



State of Connecticut

HOUSE OF REPRESENTATIVES
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Testimony before the Finance, Revenue, and Bonding Committee

March 18, 2013

House Bill 6564

**“An Act Requiring The State Treasurer To Include Interfund Transfers In
The Monthly Report”**

House Bill 6627

**“An Act Concerning Review Of Any Proposed State Project Costing In Excess
Of Fifty Million Dollars”**

House Bill 6603

**“An Act Concerning Cancellation Of Outstanding General Obligation Bond
Authorizations”**

The following testimony is being submitted on behalf of the House Republican Caucus in support of the proposals:

House Bill 6564 would require the Treasurer to include the amount of any fund transfer between the common cash pool and the Short Term Investment Fund and a running total of any outstanding transfers. The Short Term Investment Fund is where bond proceeds are kept for capital projects. While

once a rare occurrence, it has become very common, in recent years, to transfer bond proceeds to the common cash pool in order to pay the state's bills. It is vitally important that members of the general assembly are updated on a monthly basis of cash flow issues.

Overall, the intent of **HB 6627** is twofold: first, we want to give legislators the information and analysis we need to make good decisions when it comes to voting on large-scale capital projects. Second, we believe that these kinds of projects should be subject to greater scrutiny throughout the legislative process.

Too often, we as legislators are expected to vote on projects that will cost taxpayers tens or even hundreds of millions of dollars with very little detail about a particular project. At times, the authorization to begin the project is minimized to a one or two-sentence description in a large bill among many other projects and provisions.

The New Britain to Hartford busway is an example of a project that was projected to cost almost \$600 million in state and federal tax dollars. At the time this authorization was made, there was no plan in place that included any type of analysis of the project.

To be clear, it's the process we're concerned about. What we are basically saying is that large-scale, costly capital projects should be subject to greater scrutiny than other projects. This proposal lays out specific information and analysis that would be required, including:

- Define a "large public works project" – a project with a dollar-amount value greater than \$50 million for example.
 - Establish a detailed plan for the project, which includes required capital outlays as well as future annual operating expenses.
 - Require an independent analysis of the plan by a non-governmental entity.
 - Where appropriate and possible, the analysis should show comparable alternative investments.
 - Require at least one public hearing, with all research and analysis available to General Assembly members and the public.
 - Require that the plan and associated public funding be voted on as a single, separate bill.
 - Require that approval of the project allocation by the State Bond Commission be a separate item on the agenda.
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HB 6603 requires reporting of old bond authorizations that remain on the books but have not been allocated in years. It is not uncommon for 5, 10, 20, or 30-year-old bond authorizations to be placed on the Bond Commission agenda. These bonds were authorized during a different time, under a very different legislature, with different priorities. Under this proposal, the legislature could always re-authorize a cancelled project if they thought it was important enough. Ultimately, we believe that bonds authorizations should be de-authorized automatically if there is no action on them after a certain number of years. This proposal is the first step in that process.